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SKETCH OF THE LIFE

OF

J. F. D. LANIER.


(Printed for the use of his Family only.)

NEW YORK.

1870.

TO MY CHILDREN.

In the following pages I have prepared for you a brief sketch of some of the leading events of my Life, believing that I can leave to you no legacy more acceptable.



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I was born in Washington, in the County of Beaufort, in the State of North Carolina, on the 22d day of November, 1800. My father was Alexander Chalmers Lanier. His mother's maiden name was Sarah Chalmers. She was nearly allied to the family of Chalmers in Scotland, of which Dr. Chalmers, the celebrated divine, was afterward a member. It was this connection that gave my father his middle name. My mother was a native of Virginia. Her maiden name was Drusilla Doughty.

My first paternal ancestor in this country was Thomas Lanier, a Huguenot of Bordeaux, France, who was driven out of that country by religious persecution, near the middle of the seventeenth century. He went first to England, and came from that country to this, either in company with, or about the time that John Washington, the ancestor of George Washington, emigrated to it. He subsequently married Elizabeth, a daughter of John Washington, and ultimately settled in North Carolina. In his native country he was a man of high social position, and possessed a large estate, a considerable portion of which he contrived to bring away with him,

although confiscated by law. He also brought with him a portion of the family furniture which was long retained by his descendants as interesting and valued heirlooms. His children were Richard, Thomas, James, Elizabeth and Sampson Lanier. It was from the first-named that our branch of the family descended. His children were Lewis, Buckner, Burrill and Winifred. Lewis, our ancestor, married a Miss Ball, a sister of the mother of General Washington. He was my great-grandfather. His son, James Lanier, was my grandfather. My account of the emigration of our ancestor to this country, and of his marriage into the Washington family, is derived from a statement of the late George Washington Parke Custis, the grandson of Mrs. General Washington, taken from the records of the Washington family in his possession. The marriage of my great-grandfather with a sister of the mother of General Washington is a well established tradition in our family, but I possess no authentic record of the fact.

My grandfather, James Lanier, was a planter. He was well educated, a cultivated gentleman, energetic and public-spirited, and took an active part in the war of the Independence, serving through the whole of it as captain in Col. William Washington's regiment of light cavalry which was particularly distinguished for its efficient service. He was in the battles of Eutaw Springs, Guilford Court House, the Cowpens and, I believe, of King's Mountain. These were among the most brilliant achievements of the war. He also served as captain in General Wayne's expedition against the Northwestern Indians, in 1794, which not only avenged the defeat of General St. Clair, but completely destroyed their power, and for the first time gave peace to, and prepared the way for the future settlement of, the great Mississippi Valley.

In 1789, I think, my grandfather moved to Nashville, Tennessee. The South-west was then just coming into notice. Among the immigrants into that section was General Andrew Jackson, afterward so famous in the history of the country. For some time after his arrival at Nashville he was an inmate of my grandfather's family. My grandfather subsequently, about 1791, removed to Bourbon County, Kentucky, of which he was soon appointed Prothonotary, or County Clerk. From thence he moved to Pendleton County, Kentucky, where he passed the remainder of his days.

Soon after my birth, my father moved to Bourbon County, Kentucky. He invested his property in lands, and lost it by defect of title, with which much of the real estate of that State was tainted, and which produced wide-spread disaster and ruin. In consequence of these losses, he moved, in 1807, to the town of Eaton, in Preble County, Ohio. Upon reaching this State, he manumitted two valuable family slaves, the only ones he held, being prohibited from doing so in Kentucky by the laws of the latter. He had the satisfaction of seeing them both useful and respected in their new condition of freedom. I have always greatly valued this act of my father, as these slaves constituted quite a portion of his property. The act was, however, only in harmony with his whole character.

For a considerable portion of the time that my father resided at Eaton, he was clerk of the courts of the county. Upon the breaking out of the war of 1812, he entered the army and served during the whole of it. He served under General Harrison, with the rank of Major, in his north-western campaigns, and had in charge a long line of defences, extending westerly from Lake Erie, and following up the valley of the Maumee, the most important of which was *Fort Wayne*, situated on a narrow neck of land separating

the waters flowing into Lake Erie from those flowing into the Gulf of Mexico, and named in honor of General Wayne and in commemoration of his celebrated north-western campaign in which my grandfather served. Upon the site of the fort, erected in the last century for the purpose of preventing the incursions of hostile savages, has grown up one of the most flourishing towns in the West, which has now become the centre of a vast system of railroads, the most important of which is the Pittsburg, Fort Wayne and Chicago. By a singular coincidence, the very ground which my father and grandfather periled their lives to wrest from savage tribes, I have labored long and earnestly, though in a different way, to improve and enrich by the arts of peace, and thus to complete their work. The territory once so remote and inaccessible, and whose forests were the covert for the treacherous Indian has, through the instrumentality of the railway, been brought within easy distance of Eastern markets, and is now one of the most populous, flourishing and prosperous portions of the West.

While at Eaton I attended the village school for about eighteen months. It was kept by a Mr. Stevens, who taught only the rudiments of an English education. While there I served as clerk in the store of a Mr. Cornelius Van Ausdall, an immigrant of Dutch descent from Hagerstown, Maryland, and a very worthy man. I believe he is still living. I have always looked upon my service with him as one of the most valuable periods of my early life. It taught me to be industrious, active, methodical, and the value, if I may use the word, of small things. I was brought into contact with all varieties of people, had to turn my hand to every kind of work, and learned how to be respectful and obliging to all. The stock in the store consisted chiefly of light cotton goods, twists, buttons and the smaller articles of hard and tin ware, and

other articles suited to the primitive condition of the people with whom we dealt. The greater part of the trade consisted of *barter*. The most valuable articles received in exchange for goods were peltries of one kind or another. The route to the Eastern markets was up the Ohio River to Pittsburg and Wheeling, in keel-boats; thence by wagons to Philadelphia or Baltimore. There were in those days neither roads nor steamboats in the West. The cost was too great to allow the transportation of the produce of the Western country to market, except a small amount of flour, corn and provisions sent down the river in arks, or flatboats, to New Orleans. Nearly everything was produced in the family that was consumed in it. The only money then in circulation was silver—Spanish coins chiefly, received by way of New Orleans. This was packed on horses when the merchant went East to make his purchases, and the lighter kinds of goods brought back in the same manner. The trip to and from the Eastern States was then an affair of greater magnitude and peril, and required a greater length of time than that at present between New York and San Francisco, or between New York and Europe. The country was wholly without good roads, and almost the only mode of travel, as well as of transporting merchandise, was upon the backs of horses and mules.*

* Only six years before my grandfather moved to Tennessee, General Washington crossed the Allegheny mountains for the purpose of ascertaining the practicability of constructing a navigable water line from the Potomac to the Ohio. The report of his journey and observations describes so accurately the condition of the Western country at the time, and the necessity of improved highways to unite it firmly with the Eastern States, that I cannot refrain from copying a portion of his communication addressed to the Governor of Virginia:

"I need not remark to you," said Washington in the communication referred to, "that the flanks and rear of the United States are possessed by other powers, and formidable ones too, and how necessary it is to apply the cement of interest to bind all parts of the Union together by indissoluble bonds—especially that part of it which lies immediately west of us—with the Middle States. For what ties, let me ask, should we have upon those people (in the Mississippi Valley)? How entirely unconnected with them shall we be, and what troubles may we not apprehend, if the Spaniards on their right and Great Britain on

In 1815 I attended, for about a year and a half, an academy taught by Messrs. Morse and Jones, at Newport, Kentucky. They were excellent teachers, and I derived great benefit from their instruction. In 1817 my father moved to Madison, Indiana. This State was admitted into the Union the year previous, and contained about 60,000 inhabitants scattered very sparsely over the southern portion of it. At that time the Indian titles were extinguished only twenty miles north of Madison. At this place my father opened a dry-goods store. The town at that time contained about one hundred and fifty people. It had been so recently settled that it was still a forest—the trees that were not standing almost covered the ground where they fell. It was wholly without streets, or any improvements fitted to make it an attractive or agreeable place. After our removal to Madison I had, for a year and a half, the almost inestimable advantage of a private school taught by a very superior person from the Eastern States.

their left, instead of throwing stumbling-blocks in their way, as they now do, should hold out lures for their trade and alliance? What, when they gain strength, which will be sooner than most people conceive (from the immigration of foreigners who will have no predilection for us, as well as the removal of our own citizens), will be the consequence of having formed close connections with both or either of these powers, in a commercial way? It needs not, in my opinion, the gift of prophecy to foretell.

“The Western States (I speak now from my own observation) hang upon a pivot. The touch of a feather would turn them any way. They have looked down the Mississippi till the Spaniards, very impolitely, I think, for themselves, threw difficulties in the way; and they looked that way for no other reason than because they could glide gently down the stream, without considering, perhaps, the difficulties of the voyage back again and the time necessary to perform it; and because they had no other means of coming to us but by land transportation and unimproved roads. These causes have hitherto checked the industry of the present settlers; for except the demand for provisions, occasioned by the increase of population, and the little flour which the necessities of the Spaniards compel them to buy, they have no incitements to labor. But smooth the road, and make easy the way for them, and then see what an influx of articles will be poured upon us, how amazingly our exports will increase, and how amply we shall be compensated for any trouble and expense we may encounter to effect it.”

It has been reserved to the present generation, by the construction of railways, to “smooth the road and make easy the way” for the West. The results have vastly more than fulfilled the anticipations of the Father of his Country. These works have not only rendered the country indissoluble, but have created a commerce the magnitude of which really exceeds belief.

When not at school I assisted my father in his store. At this period General Harrison, afterward President of the United States, and who was a warm and life-long friend of our family, procured for me a cadetship at West Point. I was very eager to accept the appointment, but relinquished it, seeing that my mother was greatly distressed at the thought of my leaving home, I being her only child.

In March, 1820, my father, who had long been ill from diseases contracted while in military service under General Harrison, died. My father, from his infirm health, was not successful in his business in Madison, and died insolvent. I settled up the estate, and ultimately, as I acquired property of my own, paid all his debts in full.

In 1819 I commenced the study of law in the office of Gen. Alexander A. Meek, of Madison. I finished my legal course by graduating at the Transylvania law school in Kentucky, in 1823. I immediately commenced the practice of law in Madison, which at that time had a population of about 300. I was diligent, strove to be respected, and made it a point to be punctual in every duty and appointment. It was early my purpose of life to respect scrupulously the rights of others, but always to be firm in the assertion of my own. It was the rigid adherence to this plan of life, if it may be so called, that I owed my success. My diligence and fidelity in every engagement gave me the command of whatever money I wanted, as it was well known that I would never allow my liabilities to exceed my means. While in the practice of the law I made the cause of my clients my own. Success or defeat, consequently, gave me more pleasure, or pain, than it did them. I was for this reason very successful; but I found the labor and anxiety of my profession too much for my strength, which led me to give it up as soon as other satisfactory openings for business presented

themselves. While in the practice of the law I traveled what was called the South-eastern District of Indiana, practicing in a large number of counties. The only mode of traveling in those days was by horseback. On most of the routes traveled we were guided by trails or *blazed* lines, which were often preferable to what were called roads which, from the friable nature of the soil, were speedily so cut up as to be almost impassable, particularly in the wet seasons of the year. The rivers were crossed in log canoes, and by swimming our horses, when they could not be forded.

In 1824 I was appointed assistant clerk of the House of Representatives of the State, at the last sitting of the Legislature at Corydon. The next meeting was at Indianapolis, the present capital. I continued assistant clerk until 1827, when I was elected chief clerk. My compensation was \$3.50 per day. I kept the journal in which was entered all the proceedings of the House, and did the reading. My duties required the greatest diligence and the closest attention. I soon became master of the rules and modes of conducting business, and was in this way enabled to be of service to members, many of whom, although men of sense and ability, often found themselves in positions of embarrassment from want of familiarity with legislative proceedings. My good offices were often availed of in the drawing up of motions and bills, and in guiding the conduct of members on the floor. I regard my office of clerk of the House as one of the chief causes of my future success. It enabled me to form an intimate acquaintance with all the leading men of the State, many of whom, in after life, were not slow to reciprocate the good offices I had done them.

With my practice and my salary as clerk of the House, I was in receipt of quite an income, for those days, in the West. My habits were simple and economical, at the same time I

studied to make every one dependent upon me, among whom was my mother, comfortable and happy. My surplus means were, as fast as acquired, invested in real estate which, as in all new States, rose rapidly in value.

When clerk of the House, the trip from Madison to Indianapolis required three days of fatiguing travel on horseback. It is now performed, by railroad, in about four hours.

In 1833, upon the chartering of the State Bank of Indiana, I retired from the practice of the law, and took a prominent share in the management of that institution. I held a larger amount of the stock first subscribed than any other individual. This bank consisted of a Central Bank, located at Indianapolis, with ten branches in as many leading towns of the State. I was the first President of the Madison branch. The Central Bank was not one of discount or issue. Its functions were a general supervision of the branches, being a Board of Control, of which Mr. McCulloch, afterward Secretary of the Treasury of the United States, and myself, were among the leading members. Notwithstanding the managers of the bank, at the time it went into operation, were wholly without training or experience in such matters, many of them never having been inside of such an institution, it proved a model of success, and consequently most beneficial to all the interests of the State. The capital was almost wholly borrowed from abroad, and through the credit of the State, which took \$1,000,000 of the stock, and loaned its credit to individual stockholders to the extent of one-half the stock subscribed by them, taking as security therefor, real estate at one-half of its unimproved value. The credit of the State was high, its five per cent. bonds selling at a premium averaging from twelve to fifteen per cent. It may seem incredible that a bank, based almost wholly upon capital borrowed, and that, too, through the instrumentality of

the State, should have proved such a success. It would appear to have been almost inevitable that in a country lacking in commercial training, where the demand for capital is always excessive, where the managers of trust funds have every inducement to make a reckless use of them, and where, among the great mass, there is very little idea of the importance and value of promptness in the payment of obligations, that the bank, if it did not lose its capital, would soon find it converted into various kinds of property taken in payment of loans, or in the overdue notes of its borrowers. The bank commenced business at one of the most critical periods of the history of the country—at the very beginning of that great era of speculation which nearly bankrupted the whole nation, and which culminated in the terrible catastrophe of 1837. At this disastrous crisis nearly every bank in the Western and South-western States failed, with the exception of that of Indiana. A very large number of those of the Eastern States were totally ruined. It would seem to have been almost impossible that the Bank of Indiana, then one of the newest of the Western States, should not have become involved in the general catastrophe. So far from this being the case, the bank not only paid dividends averaging from twelve to fourteen per cent. annually, but returned to its stockholders nearly double the original investment when it was wound up at the expiration of its charter in 1854. For the \$1,000,000 invested by it in this institution, the State received, in profits alone, fully \$3,500,000. These profits now constitute the school fund of the State, the increase of which, being invested in the State indebtedness, is rapidly converting the whole of it into an irredeemable fund to be devoted to educational purposes. The bank was the only one of the numerous enterprises in which the State embarked that did not prove an almost total failure.

As we had always intended to keep our banks in position to meet any emergency that might arise, we had not in the least anticipated the general suspension, in 1837, in the Eastern States till that event happened. Our Board of Control were then in session at Indianapolis. We were at the time the depository of \$1,500,000 of Government funds. I was instructed by the Board to proceed immediately to Washington to represent our condition, and to confer with the Secretary of the Treasury as to what we, in the emergency, should do. I took with me \$80,000 in gold. I went up the Ohio River in a steamboat to Wheeling, and thence by stage, chartered for the purpose, alone across the mountains to Frederick, at that time the Western terminus of the Baltimore and Ohio Railroad, and 61 miles west from Baltimore. I suffered not a little anxiety on account of the treasure I carried more than 300 miles, through a wild and comparatively uninhabited region, and was not a little relieved on reaching the safe conduct of a railroad. On arriving at Washington I obtained an interview with the Secretary of the Treasury, the Hon. Levi Woodbury, explained to him the position and the entire solvency of our bank, and delivered to him the gold I had brought with me, in part payment of our balances. He received me with great cordiality, and said that our bank was the *only one* that had offered to pay any portion of its indebtedness in specie. We were allowed to retain the Government deposits till they were drawn in its regular disbursements. At his solicitation I consented to act as Pension Agent for a portion of the Western States. For the pensions I paid, drafts were made upon the Government deposits in our bank. Drafts were also made upon us in payment of troops, transportation of the mails, and other services. In all these payments our bank-notes, from our well-known credit, were received equally with specie. In

such payments all the balances against us were liquidated in a manner entirely satisfactory to the Government, and greatly to our convenience and advantage.

In April, 1838, a convention of the officers of the banks of the United States was held in New York, for the purpose of considering the subject of resuming specie payments. I attended the convention as the representative of our bank. In the debates that took place I earnestly favored the proposition for immediate resumption. The position I took greatly pleased the venerable Albert Gallatin who, aged as he was, was the leading spirit of the convention, and who was much gratified in finding himself earnestly supported from a quarter from which he had not expected aid. He took occasion to thank me personally and warmly for the grounds I took. I recollect my interviews with him on this occasion with great pleasure.

At the period of which I have been last speaking, nearly all the Western States, Indiana among them, embarked in elaborate systems of internal improvements. These were entered upon without proper reference to the wants or conditions of the country, and embraced extensive water lines, which were either impracticable or of little value when completed. The different States assumed to provide, by an issue of their bonds, the means for their construction. These proving wholly inadequate, failure on a gigantic scale was inevitable. For such works the State of Indiana incurred a debt of about \$10,000,000, without realizing any substantial benefit therefor. It was still without the works necessary to give value to its products, by opening to them the markets of the East. Wheat raised in the interior of the State, at the period referred to, would not bring more than 25 cents the bushel. Indian Corn would not bring more than one-half this amount. The chief value of the latter

was to feed it to live stock. There could be no substantial recovery till the works were constructed, which have since quadrupled the value of these as well as of all other products of the States. But years had to elapse before their construction could be undertaken with any hope of success. The people were too poor to construct them. The credit of the States was destroyed: and if it had not been, constitutional provisions were enacted by most of them forbidding them to create a debt for any work of internal improvement. A paralysis for a long time seemed to rest upon the whole country. After the resumption of specie payments in 1838-9, most of the banks of the country again suspended in 1841. In fact, no decided recovery took place till the acquisition of, and discovery of gold in, California, in 1848, from which event may be said to date the physical development of the country, which is now the marvel of the world.

One of the most important branches of our banking business was the purchase and sale of exchange made by the internal commerce of the country. At that time the only outlets of the interior, as far west as Indiana, were the Ohio and the Mississippi Rivers. New Orleans was the sole port of export. We purchased largely bills drawn against shipments of produce to this port. As these bills were about to mature it was my custom to go to New Orleans to invest their proceeds, and such other means as our bank could spare, in the purchase of bills drawn in New Orleans upon shipments of produce from thence to the Eastern States. The proceeds of the latter bills, at their maturity, supplied us amply with exchange for our Western merchants, in payment of their purchases of merchandise. In this way we were enabled to turn our capital several times each year, and at a good profit, without the loss, I believe, of a single dollar in any transaction.

I continued in the management of the Madison Branch Bank and a member of the Board of Control till 1849, when the subject of railroad construction again began to excite general attention and interest. During the twelve years that had elapsed since the great calamity of 1837, the West had increased rapidly in population and wealth, and the necessity for improved highways was felt to be more imperative than ever. The acquisition of California, and the discovery of immense deposits of gold within it, gave to the whole nation an impulse never before felt. Numerous railway enterprises were again proposed in the West, and I felt that the time had at last come when they could be safely undertaken as remunerative investments for capital. Residing at Madison, Indiana, I had been instrumental in the resuscitation of the Madison and Indianapolis Railroad, originally a part of the system of public work which the State had attempted to construct, and had learned from the early success of that road what might be expected of other lines more favorably situated. For the purpose, therefore, of embarking in the construction of railroads on a wider scale, I went to New York in the latter part of 1848, and on the first day of January, 1849, I formed a copartnership with Mr. Richard H. Winslow, the chief object of which was the negotiation of railway securities, although we contemplated, in connection therewith, a general banking business. At that time there were in operation in the West only about 600 miles of line.*

* On the first day of January, 1849, the following lines of railroad were in operation in the States north and west of the Ohio River:

	<i>Length of Line.</i>
OHIO.—Little Miami.....	84 miles.
Mansfield and Sandusky.....	56 "
Mad River.....	102 "
INDIANA.—Madison and Indianapolis.....	86 "
MICHIGAN.—Michigan Central.....	146 "
Michigan Southern.....	70 "
Erie and Kalamazoo.....	33 "
Detroit and Pontiac.....	25 "
ILLINOIS.—Sangamon and Morgan.....	53 "
Total.....	655 miles.

These roads were chiefly the remains of the old State systems which had been sold out to private companies, and were almost without exception badly located and imperfectly built. They were in all cases laid with the light flat bar, upon longitudinal sills, and were utterly incapable of sustaining heavy trains, high speed, or a large traffic. They had, consequently, involved in heavy loss all who had been engaged in their construction. I felt, however, their want of success to be no argument against lines properly constructed upon good routes. I undertook to demonstrate this in every way in my power, particularly in newspaper articles and pamphlets, of which I published great numbers in connection with the negotiation of the securities of various companies which we undertook. The result of our efforts soon far exceeded our expectations. Although we began in a very small way, every step we took gave us increased business and strength, and we soon had all the business we could attend to. Commencing with the bonds of the Madison and Indianapolis Railroad, which were the first securities of the kind ever brought out in the New York market, we followed them with the bonds of the Little Miami; Columbus and Xenia; Cleveland, Columbus and Cincinnati; Cleveland, Painesville and Ashtabula; Ohio and Pennsylvania (now a part of the Pittsburg, Fort Wayne and Chicago); Michigan Southern, and other important lines. We not unfrequently negotiated a million of bonds daily. The aggregate for the year was enormous. We were without competitors for a business we had created, and consequently made money very rapidly. The commissions for the negotiation of bonds averaged at first five per cent. With their negotiation we often coupled contracts for the purchase, at a large commission, of rails. Our business soon became so great that it was a question with us, not so much what we

would undertake, as what we would reject. We not unfrequently took, on our own account, an entire issue of bonds of important lines.

The negotiation of the securities of companies was followed by arrangements that made our house the agent for the payment of interest accruing on them, as well as transfer agents. Such arrangements naturally led the way to the banking business to which we afterward chiefly confined ourselves. The extent of our business as well as of our success exceeded all expectation. During the period of six years, from 1849 to 1854 inclusive, in which we were actually engaged in the negotiation of railway securities, 10,724 miles of line were constructed, nearly one-half of which were in the Western States. With all the more important lines we were, in one way or another, connected. At one period we paid the interest on fifty different classes of securities. These facts will convey some idea of the magnitude of our business and the vigor and energy with which it was conducted.

The uniform success of the enterprises in behalf of which we acted was something remarkable, and has since been a source of great satisfaction. I feel that investors, as well as the country at large, have been greatly benefited by my labors. The interest on almost all the securities brought out by us has been regularly paid, while in not a few instances there has been an enormous profit upon the prices paid. Our house was the first to bring out county and city securities, issued for the construction of railroads. These securities were instrumental in the construction of an immense extent of line, which, but for them, could not have been built, while they have proved a most excellent investment. In no instance, I believe, have the counties and cities, the bonds of

which we negotiated, made default, either in principal or interest.

Rapid as has been the progress of railroads since we first engaged in their construction, that of their commerce is a matter of still greater surprise and wonder. Considered in reference to its magnitude, they have created the present immense wealth of the nation. Previous to their construction, the products of the interior, only a short distance removed from navigable water-courses, had no commercial value. The greatest abundance of the peculiar products of a section might give only an inconsiderable amount of comfort, and no wealth. With such works, the whole natural wealth of the country became at once available to the uses of man. When we consider that the commerce of the country, borne upon railroads, dates from a period considerably subsequent to the time I left the West for New York to embark in these enterprises, and that this commerce to-day measures, in bulk, 100,000,000 tons, having a value of \$10,000,000,000, and that the earnings of our railroads equalled \$400,000,000 in 1868, against \$40,000,000 in 1851, and that the investment in them, now amounting to \$1,800,000,000, has increased in like ratio, the vastness and rapidity of this development will be in some degree appreciated. I have not only been contemporaneous with all this growth, and, to some extent, instrumental in promoting it, but I reach far beyond its first inception. In one respect, therefore, my life, as does, in fact, that of every middle-aged man, covers a wider experience than that of all the generations of men from earliest history to the present time.

In the West, twenty years ago, precisely the same means were used for the transportation of persons and property that were used in the very infancy of the race. So, too, nearly all the other methods of domestic economy were en-

tirely similar for the two widely-separated periods. When a child, and till I reached manhood, the clothing I wore was made up at home, and by the members of the family. The present generation consequently have, in all that relates to the economy of life, what might be termed an universal experience. The coming one will have only that which belongs to itself.*

At the close of 1854 we withdrew from the negotiation of railway securities, and confined ourselves chiefly to Banking, for which our previous success had opened a wide field. We however continued to be the financial and transfer agents of a large number of railway companies whose securities we had negotiated.

In 1857 the health of Mr. Winslow began to fail. In consequence of this he retired from our firm in 1859. He died on the 14th of February, 1861. He was a man of rare

* As already stated, the number of miles of railway in operation in the Western States in 1849, the year I removed to New York, was 655. On the first day of January, 1869, twenty years thereafter, there were 16,889 miles in operation. The number in each State, at the dates named, is shown in the following table :

Ohio.....	242	3,398
Michigan.....	274	1,199
Indiana.....	36	2,600
Illinois.....	53	3,440
Wisconsin.....	—	1,235
Minnesota.....	—	572
Iowa.....	—	1,523
Kansas.....	—	648
Nebraska.....	—	920
Missouri.....	—	1,554
Total miles.....	655	16,889

The increased railroad mileage in these States, in twenty years, was 16,234 miles, or an average of 812 miles annually. The capital invested in them on the first day of January, 1869, at the rate of \$40,000 per mile, equaled \$675,556,000—the increase in the twenty years being fully \$665,000,000. The aggregate tonnage of the roads, for 1869, equaled 1,500 tons to the mile, or an aggregate of 25,333,000 tons, of which the increase exceeded 25,000,000 tons. The value of this tonnage, at \$150 per ton, equaled \$3,750,000,000, nearly the whole of which was a creation of the period named. These illustrations will show how rapid has been the growth of the West for the past twenty years. When I compare its present condition with what it was forty years ago, I am at a loss for language to express adequately the change.

force and energy of character, and by thoroughly comprehending the value of railways, admirably adapted to the business in which we embarked. He had, above all men I ever knew, the faculty of inspiring others with the zeal and confidence which he himself felt. Whatever he undertook was certain to be accomplished. When we consider the results that railroads secure—that every mile of line built adds, immediately, four-fold its cost to the aggregate value of the property of the country, and that the traffic which it creates and which passes over it exceeds annually six times such cost, we can form some idea of the services rendered to society by a man whose energy and influence was instrumental in the construction of an immense extent of line. He was one of the leading spirits that inaugurated and sustained the great movement that led to the construction of the vast system of works that are now spread, like a network, over the whole country, and which now embraces nearly 50,000 miles of line. He never ceased from his labors till compelled to do so by his declining health. All my relations with him were of a most harmonious character, and it gives me great pleasure to pay this tribute to his memory.

Although our firm did not, after 1854, negotiate railway securities to any considerable extent, we continued to cherish a lively interest in those enterprises in behalf of which we had acted, and frequently rendered them pecuniary assistance in emergencies in which they not unfrequently found themselves placed. The great movement which commenced in 1848 culminated in 1857, in a suspension of specie payments by the banks, and in an excessive prostration of business throughout the country. No interest suffered so severely as the railroads. Nearly all of them had been constructed upon borrowed capital, and most of the companies owed large floating debts. All wanted large additional

means, either to complete their works or to discharge pressing liabilities. Even so late as 1858 the earnings of roads were not one quarter their present amount. These earnings, owing to the embarrassments into which every kind of industry and business had fallen, decreased largely for several years, and in many cases proved wholly inadequate to meet even the calls for interest. Many of our most valuable enterprises were forced into bankruptcy, and had to be reorganized by new adjustments of interests, and, in most cases, by large sacrifices on the part of the stock and bondholders. A period of great general depression and discouragement followed one of previous confidence and hope. In this crisis it devolved naturally upon parties who had been instrumental in providing the means for the construction of roads to raise them from their depressed condition, and place them, if possible, in a position in which they could be successfully worked and realize the expectations formed of them. Among the companies that yielded to the financial storm was the Pittsburg, Fort Wayne and Chicago—a company with which I had been early identified, whose securities we had negotiated, and for whose good name and success I was most solicitous. To its restoration I consequently devoted no small portion of my time, till all its embarrassments were happily surmounted, and the road placed in a position of perfect independence, in which it proved itself to be one of the most valuable enterprises of the kind in the United States. Perhaps I cannot better show the difficulties into which this work, in common with many others, had fallen, and of its subsequent recovery, than by copying the following article in reference thereto, from the *New York Times* newspaper, under date of July 21, 1869:

“In 1859 the Pittsburg, Fort Wayne and Chicago Railroad, in common with most other lines, was overwhelmed in the

financial revulsion which had swept with resistless force over the whole country. The road had been just opened to Chicago. The line was originally undertaken by three companies, none of which possessed means at all adequate to the construction of their several links. The road when opened was hardly more than half completed. Its earnings, not equaling one-quarter their present amount, were wholly insufficient to meet current expenses and the interest on its funded debt. Default, by necessary consequence, was made on all classes of its securities. Bankruptcy stared the concern full in the face, threatening the loss of nearly the whole amount invested.

In this crisis a meeting of its creditors, chiefly first mortgage bondholders, was called at the office of Winslow, Lanier & Co., to consider what was to be done. This class of creditors, of course, had the precedence. If they insisted upon the letter of the law, they would inevitably cut off all subsequent parties in interest, who represented an amount of capital invested in the road twice greater. After much deliberation it was decided to raise a committee to be invested with full power, and if possible, save the interests of all. This committee consisted of Mr. J. F. D. Lanier, who was appointed by the creditors its chairman; Mr. Samuel J. Tilden, Mr. Louis H. Meyer, Mr. J. Edgar Thomson, President of the Pennsylvania Railroad, and Mr. Samuel Hanna of Fort Wayne. To give some idea of the chaos existing in the affairs of the Company, we may state that there were outstanding, at the time, nine different classes of bonds, secured, in one way or another, upon the different portions of the road; two classes secured by real estate belonging to the Company, and several issued in the funding of coupons. Upon all these, interest for several years, amounting to many millions of dollars, was overdue. The principal sums of several of the first mortgages were speedily to mature. The Company also owed more than \$2,000,000 of floating debt, portions of it in the form of judgments recovered in the State courts. The road was in extremely bad condition,

and required the expenditure of a large sum to enable it to conduct its business with any degree of economy or dispatch.

Such was the condition of affairs when the Committee commenced work. The value of the securities of the Company was merely nominal. Its stock would not sell for five cents on the dollar. Each class of creditors was striving to gain some advantage at the expense of the others. The first step of the Committee, consequently, was to put the property beyond the reach of individuals and in the custody of the courts. An order for this purpose was obtained in the United States District Court for the Northern District of Ohio, on the 17th of January, 1860, and Mr. Wm. B. Ogden was appointed receiver.

The Committee set out with the determination of preserving, if possible, the rights of all the parties in interest—not alone those of the first mortgage bondholders. It was hoped that when the property was put beyond the reach of individual creditors, an arrangement might be effected and the rights of the various parties preserved in the relations they had previously maintained. But such an adjustment required the assent of each creditor and stockholder. This, in the multiplicity and conflict of interests, it was found impossible to obtain. The next, and only remaining course, was to sell the road and property of the Company by an order of Court in behalf of the first mortgagees. Such sale would vest absolutely the title to the road in the hands of the purchasers, who would thus be in position to make such disposition of it as in their view equity and justice might demand. It would also enable them to apply the net earnings to the construction of a good road, without which the investment itself would be of no value.

With this purpose a full plan of reorganization, such as was finally adopted, was prepared and published, and brought, as far as possible, to the attention of every party in interest. Decrees for sale had to be obtained in the Courts of the United States for four different States. The time required for

this purpose was occupied by the Committee in incessant efforts in removing one impediment after another thrown in their way by importunate and dissatisfied creditors, who were indifferent to the fate of the concern, provided they could get their pay. All difficulties were at last overcome, and on the 24th of October, 1861, the road and property was sold at auction, and purchased by Mr. Lanier, in behalf of himself and his associates, for the sum of \$2,000,000. The Courts, we are happy to say, facilitated legal proceedings as far as this could be properly done. They had full confidence in the Committee, and sympathized with the unfortunate creditors of the concern, and not, as at the present day, in our State, with bands of conspirators against the public welfare, who seek the control of great lines with no other purpose but to plunder them. Eight years ago, measured by what has since transpired, was a golden age of judicial purity.

By the sale of the road a most important step was gained. The title to it vested, absolutely, in the purchasers. They could convey it to whom, at what price and upon what terms they pleased. What followed was more a matter of detail, though involving great patience and labor. For the creation of a new Company, according to the original plan of reorganization, legislation had to be obtained in the States of Pennsylvania, Ohio, Indiana and Illinois. Such legislation was at last secured, a new Company formed, to which was conveyed the railroad and everything appertaining thereto, the Committee receiving therefor, first, second and third mortgage bonds, in amounts sufficient to meet the sums due the different classes of creditors in the old Company; and also certificates of stock corresponding in amount to that outstanding in the old. First mortgage bonds, to the amount of \$5,200,000, were issued to the first mortgage bondholders of the old Company, and of the several links of which its road was composed, and for accrued interest. The bondholders were also required to fund, for two years, the interest accruing on the new bonds,

so as to allow, for such a period, the application of the net earnings to construction. The second mortgage bondholders received, in the same manner, and subject to similar conditions, second mortgage bonds to the amount of \$5,250,000. The unsecured creditors were paid off in third mortgage bonds to the amount of \$2,000,000. The shareholders received new certificates in exchange for the old. By such means each class of creditors, without the abatement of a dollar, were fully and completely reinstated in the new Company in the order they stood in the old. The proper transfers and exchanges were made, and on the 1st day of May, 1862, two years and six months after the road was placed in the hands of a receiver, and six months after the sale, the trust, so long held and faithfully executed, was brought to a virtual close, to the entire satisfaction of every party in interest in the road.

During the period of reorganization the road was operated, under the general direction of the Committee, by Geo. W. Cass, its former and subsequent President. His well-known abilities as a railroad manager were never more conspicuously displayed than in this service. He had every difficulty to contend with—an impoverished and half completed road, with clamorous creditors at every turn. The Chairman of the Committee was not unfrequently called upon to advance, from his private funds, considerable sums in aid of the operations of the road. Such advances were, of course, repaid, but only with simple interest. The good name and financial strength of Mr. Lanier, joined to his well-known prudence and caution, tended to inspire great confidence in the action of the Committee in which he justly exerted great influence. Mr. Thomson's position as chief of a great and successful enterprise, enabled him to render very great aid to the Committee in the operations of the road. Indeed, it was through his instrumentality that the old Company was enabled to push its line through to Chicago. Mr. Tilden was the chief legal adviser of the Committee and Company throughout. He had charge

of the proceedings, not only for the winding up of the old, but for the formation of the new Company, and for the recent transfer of the road to the Pennsylvania Company, and drew up all the documents and guarantees relating to the same. The proper discharge of his duties involved the fate and security of the whole investment. Not a suggestion has been ever raised that they were not ably and faithfully performed. The directors of the Company, pending its reorganization, rendered valuable assistance. Many of them resided upon the line of the road, and were enabled to exert a salutary influence, not only among the creditors of the Company, but in securing the legislation required. But it is, perhaps, invidious to particularize when all worked faithfully and well. Not a dollar was ever paid to secure the legislation required for the formation of the new Company; not a dollar to buy off importunate or unreasonable creditors. The Committee never had a secret which they turned to account at the expense of the stock and bondholders. Their plans were prepared and published in the outset, and scrupulously adhered to.

Soon after the new Company commenced operations it was seen the enterprise had passed its darkest days. For the year ending December 31, 1862, the net earnings of the road equaled nearly \$2,000,000, all of which were applied to construction. The Committee was enabled to add largely to its available means by the sale of property purchased with the road, but not needed in its future operations, and which, in fact, they were not, by the terms of the trust, to account for to the new Company. The sums realized from these sources, and paid over to the Company, equaled about \$600,000, of which some \$400,000 was saved by a compromise which the Committee were enabled to make with European holders of bonds secured by real estate. All the advantages gained by such settlements were given to the new Company.

In 1863 the net earnings equaled nearly \$3,000,000. These sums enabled the Company to place its road in first-rate condi-

tion; and on the 1st day of April, 1864, it commenced the payment of dividends at the rate of 10 per cent. per annum, free of Government tax, in quarterly payments of $2\frac{1}{2}$ per cent. each. These were continued regularly to the 1st day of July, 1869, when the road was leased to the Pennsylvania Railroad Company for 999 years, at an annual rental of 12 per cent. on its share capital.

In this lease the Pennsylvania Company assumes every obligation or charge for which the Fort Wayne Company are, or may be, liable. It pays the sum of \$19,000 annually for the maintenance of the organization of the former. It keeps up the annual contributions to the sinking fund. These contributions will, in twenty-six years, wholly pay off the bonded debt of the Fort Wayne Company, leaving the stockholders the sole owners of the road; and, in conclusion, it agrees to pay an annual rental of \$1,380,000, a sum which equals 12 per cent. annually upon the stock, *free of Government tax*, or of any other charge. The terms of the lease also allow the Fort Wayne Company to increase its share capital *seventy-one and three-sevenths per cent.*, and to issue certificates for the whole capital, upon which, for the entire period of the lease, *seven per cent. a year, in quarterly payments of one and three-quarters per cent.*, free of Government tax, is to be paid. All these payments, as well as the accruing interest, are to be made directly to the agency of the Fort Wayne Company, in New York. When we consider that the net earnings of the road largely exceed the rental paid, and that this rental is guaranteed by the most powerful and successful railroad corporation on this Continent, and that the lease will inure even more to its advantage than to that of the lessors, in placing a common line under a common head and management, certainly it is not within the power of man to make a better security, or one in which trust funds can be more securely placed.

We have thus put on record a detailed statement of the re-suscitation and success of a great enterprise, as an example of

what has been and may be accomplished by upright, able and public-spirited men. In no country do railways bear a relation to the internal economy of a people so intimate as in ours. No investments, consequently, can be so productive as those made in good and well-managed lines. There is no doubt that the gross earnings of the railroads of the Northern States equal fully 30 per cent. annually of their actual cost. One-third of this, at least, should be net, and we take pleasure in placing an illustration before our readers, where the best possible net result has not only been secured, but secured as it should be, to those who are and have been the owners of the property."

I have given this statement as an example of what patient labor and watchfulness may accomplish under similar circumstances. We not only saved a vast property, at one time, to all appearances, wholly wrecked, but made it one of the most productive railroads in the country, and finally leased it in perpetuity to one of the richest and most prosperous corporations in the United States—the Pennsylvania Railroad Company—at an annual rental of 12 per centum per annum, after making full provision for the principal and interest of its debts. An immense investment was not only saved, but rendered productive almost beyond precedent; and with it, great numbers of persons whose means were invested in the road, saved from poverty and want. In their comfort and happiness I am well repaid for the toil and anxiety which I underwent on account of this work.

In 1860, the election of Mr. Lincoln to the Presidency of the United States, an event which I earnestly desired, was followed by mutterings of the coming storm, which soon burst upon the country with resistless violence. I was too old to take the field, but I gave whatever aid and encouragement I could to the cause of the Union. It was not long,

however, before I was called upon to assume more responsible duties, on account of the relations which I had sustained to the State of Indiana. That State voted for Mr. Lincoln, and at the same time elected State officers in political sympathy with him. The Hon. Henry S. Lane, who had been elected Governor of the State, was chosen by the Legislature, upon its assembling, as Senator in the Congress of the United States. By this event, the Hon. O. P. Morton, Lieutenant Governor, became the Chief Magistrate. The war found the State almost wholly without means for arming, equipping or sending into the field the quota of troops required of it. It had no money in its treasury, and in the general distrust which prevailed, and in the universal scramble for money, for all the loyal States, as well as the Federal Government, were in the market for it, it was found impossible to sell its bonds, or to provide in season, from its own resources, the means required. In this dilemma Governor Morton applied to me for a loan of money to arm and equip the quota of troops required of his State. I complied with his request, and continued such advances as they were required, till the whole amount reached \$400,000. With this sum he was enabled to arm and equip his quota in a most satisfactory manner, and despatch it to the field more promptly than that of any other Western State. Indiana at all times was nearly equally divided upon the subject of the war. Whatever, consequently, tended to inspire the confidence and raise the spirits of the Union party within it, greatly strengthened the hand of the Executive, and had a most important and favorable influence upon the great contest.

In 1862, owing to the reverses that had befallen the Union arms, the elections in many of the States went adversely to the National cause. In Indiana a majority of the members

returned to the Legislature for that year were bitterly opposed to the war, and to all measures necessary for its vigorous prosecution. They were determined, if possible, to take the State out of the Union ranks, and place it in direct antagonism to the Government at Washington. The success of their disloyal schemes might have proved fatal to the great cause. None understood this better than themselves. Indiana was not only one of the leading States of the West, but in many respects it occupied a position of first-rate importance. It was centrally situated, and, extending from Lake Michigan to the Ohio, it would, in disloyal hands, have been in a position to cut off all communication between the West and the East. Its southern border rested upon territory where the great mass of the people were strongly infected with the spirit of rebellion. This State, consequently, became emphatically the battle-ground of the contest in the North. If its influence had been arrayed against the Union, the infection might have spread to other States, as there were in all abundant material eager to take advantage of any event that might embarrass or defeat the action of the Government. A united front on the part of all the Northern States was absolutely essential to success. Such a front, happily, was preserved throughout the whole war.

The plan adopted by the disloyal members of the Legislature of Indiana was to divest the Governor of all power over the militia, and to vest the control of the same in a committee of their own creatures. They refused to pass the necessary appropriation bills till their schemes should become a law. To defeat their plans the only course left to the loyal members was to retire from the Legislature, which they did. That body, consequently, was left without a quorum. Their retirement put an end to the iniquitous projects, but it left the Governor without the means of

preserving the credit of the State. It was held by the Supreme Court of the State that without a special act he could not pay the interest accruing on the State debt, although it had been previously supposed that the Constitution of the State had provided for such a payment without any special law.

In this emergency Governor Morton, most anxious to preserve the honor and credit of the State, applied to me to advance the sums necessary for the purpose. Unless this could be done he felt that he could not justify, before his own State and the country, the position which his friends in the Legislature had taken through his council and advice. The application was made at the darkest period of the whole war. I could have no security whatever, and could rely for reimbursement only on the good faith of a Legislature to be chosen at a future and distant day, and upon the chances of its being made up of more upright and patriotic members than those composing the one then in existence. If the great contest should turn out disastrously to the cause of the Union and of freedom, I could never expect to be repaid a dollar. I felt, however, that on no account must the debt of a great State be discredited, nor the position of its Chief Magistrate, the ablest and most efficient of all the loyal Governors, and who of all contributed most to our success, be compromised or weakened. No alternative was left to me but to advance the sums required. I would not allow myself to be responsible for the consequences of a refusal of his request. If the credit of the State in such a critical period should be destroyed, that of the other States, and even the Federal Government, might be so impaired as to render it impossible for them to sustain the immense burdens of the war. Another influence of very great weight with me was an ambition to maintain the credit of a State with

which I had so long been identified, to which I was indebted for my start in life, and for whose credit in former times I had earnestly labored. The last, perhaps, was the ruling motive. I accordingly addressed a note to the agent of the State for the payment of the interest, offering to pay that falling due July 1st, 1863, and requesting him to supply me with a list of the holders of the State stocks. He peremptorily refused to furnish such list, being himself one of the conspirators in destroying the State credit. A list had to be procured from other sources of information. As soon as this was obtained, I commenced the payment of interest, which was thereafter promptly paid by me on the days it fell due. These payments were continued two years. The whole amount advanced by me on this account was \$640,000. In the meantime the State was practically without a Legislature. The disloyal members were constantly in the expectation that the Governor would be compelled to call them together, as the only means of enabling him to carry on the government. The Governor well knew that if they were called together, they would take from him the power to control the militia of the State, and he determined to hold out, which he did, till a new Legislature should be chosen.

The following extracts taken from the message of Gov. Morton, made to the General Assembly of Indiana, Jan. 6, 1865, gives a brief and succinct history of the efforts made to destroy the credit of the State, and to embarrass its action in the war, and of the aid rendered by our house in defeating them :

“Shortly after the Legislature adjourned, the question was sprung as to the existence of legal appropriations for the payment of the interest upon the public debt, and the opinion of the Attorney General was published, denying their existence and any power to withdraw the money from the Treasury to

pay the interest, which opinion was indorsed and acted upon by Mr. Ristine, the Auditor of State. Believing that the question had its origin in political considerations, and that there was little room to doubt as to the legal right and duty of the Treasurer to remit the money to New York to pay the interest, I at once took issue with these gentlemen. The State had failed to pay the interest upon her bonds from 1841 to 1847, during which time she acquired a reputation for repudiation and bankruptcy, from which she only recovered after many years of faithful discharge of her obligations. The dark cloud which had thus been placed upon her financial character had seriously retarded her growth in wealth and population, deterring emigration from other States. In 1846, she effected a compromise with most of her creditors, by the transfer of the Wabash and Erie Canal for one-half of her debt, and issuing new stock for the other half, upon which she solemnly pledged herself to pay the interest semi-annually.

This pledge, and the legislation had in pursuance of the compromise, was treated by Governor Whitcomb, and the various officers of State, as a valid appropriation of the money necessary to pay the interest under the old Constitution, which, upon this subject, is like the present. In 1850 the framers of the new Constitution, by the twentieth section of the tenth article, solemnly ratified this contract with the bondholders, by appropriating all the revenue of the State, derived from taxation for general State purposes, after defraying the ordinary expenses of the State government, to the payment of the interest and the liquidation of the principal of the public debt. It was clearly the purpose of the new Constitution to place the credit of the State beyond the contingency of dishonor by acts of omission or prohibition on the part of the Legislature. Under the new Constitution, further legislation to pay the interest was not deemed necessary, and this construction was acted upon by all administrations down to 1863; although, perhaps, in one case, a formal appropriation was made with-

out any definite purpose. An action for a mandamus against the Auditor was commenced by Mr. W. H. Talbott, President of the Sinking Fund Board, for the avowed purpose of having the question settled, which was carried through the Circuit and Supreme Courts, and resulted in a decision, by the latter, against the existence of an appropriation. Without intending any disrespect to the eminent tribunal by which this case was decided, I must be permitted to observe that the history of its origin, progress and conclusion was such as to deprive it of any moral influence, and that the principles upon which the decision was made have been since openly disregarded by the Auditor and Treasurer of State in the payment of large sums of money to the Public Printer. But leaving out of view wholly who was right or wrong upon the legal question, it was a matter of the first importance that the obligations of the State should be promptly met, and her credit rescued from the disaster of a new dishonor. It had received a shock in the discovery and exposure of the Stover forgery of our State stocks amounting to nearly three millions of dollars, from the evil consequences of which it was relieved only by a determined effort on the part of the State authorities to bring the criminals to justice. No argument was required to prove that, should it again become impaired by a serious failure upon the part of the State to meet her engagements, it could not be restored during this generation, and the progress of the State in wealth and population would receive a serious check. Determined, if possible, to avert the threatened calamity, I went to New York and laid the whole matter before the house of Messrs. Winslow, Lanier & Co., with the request that they should advance the amount necessary to pay the interest, until such time as the Treasury might be unlocked, and the money obtained therefrom. My request was generously met, and, after full consideration, acceded to, provided a correct list of the stockholders could be obtained. It is proper to state that, in making this arrangement, no stipulation was asked for or

given, in regard to the compensation they should receive for the use of their money, and the risk and trouble they should incur; but the whole matter was referred to the future action and good faith of the State. They at once notified John C. Walker, Agent of State, of their readiness to pay the interest, and asked him to furnish, from his books, a list of the stockholders, for the making out of which they offered to pay. This he peremptorily refused, and denied access to his books, from which they desired to copy the list. They then proposed to him that he should pay the interest in the usual way upon his own books, agreeing to honor his checks issued therefor, at the same time exonerating him from all personal liability for any moneys so paid. This offer was likewise refused. The correspondence between Winslow, Lanier & Co. and Walker upon this subject, is herewith submitted for your consideration.

As Messrs. Winslow, Lanier & Co. would not take the responsibility of paying, in the absence of a correct list, owing to the existence of a large amount of spurious stock, which otherwise they had no means of detecting, the interest which fell due on the first day of July, 1863, went unpaid. Determined not to be defeated, if possible, in the effort to preserve the credit of the State, I attempted to secure from other sources a correct list of the stockholders, and in this attempt succeeded, in November. In the meantime the necessity for action had become more manifest and imperative than before. While the American stockholders had a correct knowledge of the state of affairs, and but few stocks were changing hands or being offered in the market, the case was quite different with our stockholders in Europe. In Europe, American politics are always badly understood, and the principal fact, which they clearly comprehended was, that they did not receive their interest. They associated this failure with that of 1841, and began to say that there was some strange fatality attending Indiana securities, and declared their intention of sending them back to America and getting clear of them at once and

forever. Such a measure would have given the State a bad name abroad, seriously affecting emigration to her borders, and would have been followed by great depreciation and loss of credit throughout the United States.

Having presented the list to Messrs. Winslow, Lanier & Co., they promptly renewed their offer, and gave public notice that they would pay the back interest which fell due in July, and afterward gave further notice that they would pay the interest accruing on the 1st day of January, 1864; the 1st day of July, 1864, and the 1st day of January, 1865; and up to the 31st of November last, as I am advised, had paid out four hundred and sixteen thousand six hundred and seventy-seven dollars and eight cents.

How much they have paid since the 1st of January, 1865, I am not advised, but presume it will make the aggregate as much as five hundred and seventy-five thousand dollars. The noble and generous conduct of this house should and will be appreciated by the people of Indiana; and Mr. Lanier, in his clear comprehension and able management of the affair, has displayed not only financial ability, but a broad statesmanship not often exhibited in financial affairs.

I trust that the generous confidence which he has reposed in the good faith of the people of Indiana will not be disappointed, and that the Legislature will hasten to reimburse him for the money he has expended, and indemnify him for the use of it, and for the trouble he has incurred.

In conclusion, upon this subject, I am glad to be able to say, that the credit of the State has been fully preserved; and that her stocks now command a higher price, relatively, in the market, when compared with stocks of other States, bearing like interest, than at any former period in her history."

In 1864, the Presidential election again took place. Mr. Lincoln was a candidate for re-election to the Presidency of the United States, as was Mr. Morton for the governorship

of Indiana. This State was one of the first to vote in the fall elections of that year. Its action, in view of the events that had occurred in it, could not fail to be regarded as the key-note of the campaign, if not conclusive of the great contest that was speedily to follow. In that State the canvass necessarily turned upon the extraordinary condition of things that had existed in it for two years; upon the policy of the Union party in breaking up the Legislature; the refusal of the Governor to reassemble it, and upon the responsibility he assumed of paying the interest on the State debt without provision of law. One of the ablest men in the State was nominated as his opponent. The two canvassed the State, Governor Morton in vindication, and his competitor in condemnation, of the policy and course that had been pursued. It was a contest in which Mr. Lincoln took a very deep interest, not only from its significance in reference to his own election, but from the interest he took in that of Mr. Morton, who, of all the civilians in the United States, probably rendered the most efficient and valuable service in putting down the great rebellion.

In the canvass before the people, Mr. Morton acquitted himself with transcendent ability. Mr. Lincoln, in reading a report of the speech of Mr. Morton, by which it was opened, said, "That settles the Presidential election." The result fully justified his expectation. Mr. Morton everywhere carried the people with him, and upon no issues more heartily than in their approval of the policy of the Union party, which, to avert a greater evil, had left the State without a Legislature for two years, and of the steps by which its faith and good name had been maintained. He was elected by more than 20,000 majority, in the most heated canvass ever known in the State. The result there turned public sentiment everywhere in favor of the Administration;

and in the following month, Mr. Lincoln was elected to the Presidency by the almost unanimous voice of the North.

At the State election for 1864 a majority of Union members were returned to the Legislature, by whom provision was made for the repayment of the sums I had advanced, with no other compensation than interest on the amount, which was all I desired or would have received. I had, however, the most gratifying proofs of the esteem which my action had secured for me throughout the State. Every loyal man felt that I had averted a disgrace in which he must have shared. The effect upon the politics of the State was decisive. It has ever since been a steady supporter of the Union cause. At the next vacancy occurring in the Senate of the United States, Mr. Morton was chosen to fill the place, which he now holds in a manner both honorable to himself and the State.

I omitted to mention, in its proper order, my connection with the adjustment of the debt of the State of Indiana in 1847. As already remarked, that State had previously embarked in elaborate systems of public works, the means for the prosecution of which were wholly raised by sales of bonds. In the embarrassments which followed, the State made default in the payment of interest on these bonds, and remained in default till the amount due reached the sum of about \$12,000,000, of which some \$4,000,000 were for interest. At the session of the Legislature of the State for 1846-7, an act was passed for an adjustment of the debt, commonly called the "Butler Act," authorizing an issue to the holders of the old bonds, of a five per cent. inscribed State Stock, to an amount equaling one half that of said bonds; and a transfer, to Trustees, for the benefit of the bondholders, of the Wabash and Erie Canal, with the lands belonging to

the same, upon the condition of the surrender of the old bonds—the payment of the other half of these bonds being chargeable upon the canal and its revenues.

It became necessary, therefore, that some person should visit Europe for the purpose of explaining the financial condition of the State, to secure the assent of such bondholders as had not acceded to the proposition made them, and to make the exchanges of securities. I was appointed to this mission, and proceeded to Europe early in the summer of 1847. The new securities to be issued, viz. : the certificates of State stock, and of ownership in the canal, were placed in my hands fully executed, with the exception of dates, amounts, and names of parties to whom they were to be issued. These I was authorized to insert on making the exchanges. I was accredited to Sir J. Horsley Palmer, then Governor of the Bank of England—a staunch friend of the United States, and whose place of business in London I made my headquarters ; to Baron N. M. Rothschild, of London ; to Baron James Rothschild, of Paris ; to the house of Hope & Company, of Amsterdam—these parties, or the houses with which they were connected, holding or controlling large amounts of the bonds. Immediately upon my arrival in London, I prepared and published a statement embodying the plan of settlement proposed, and urging, with what arguments I could adduce, its acceptance. My duties brought me into intimate contact with the gentlemen named, and also with Mr. Labouchere, then manager of the house of Hope & Co., of Amsterdam. I had occasion, in the execution of my mission, to visit, several times, the cities named, and also Geneva, Switzerland, where some of the State bonds were held. The result was, that I was enabled to get up nearly all the outstanding bonds, and was in this way instrumental in placing the credit of the State on the

firm basis upon which it has ever since rested. The State immediately entered upon a career of prosperity which has never flagged to the present moment. A virtual repudiation had destroyed its public spirit, and had been a bar to capital and immigration coming into it. Since the funding of the debt, no state in the Union has made more rapid progress than Indiana. It has constructed 3,000 miles of railroad. These works now penetrate every portion of its territory. Its debt has been almost wholly paid to the holders, by taxation, or from the proceeds of the school fund arising from the profits accruing from the interest of the State in the State Bank. The benefits resulting from the adjustment of this debt have been almost incalculable.

I was not only successful in my mission, but I had a most agreeable visit—my first to Europe. I was most kindly received by all the parties to whom I was accredited, and by others. Mr. Labouchere's ancestors, like my own, were Huguenots, and were driven out of France about the same time that mine were, and for a similar cause—adherence to the principles of the Reformation. His ancestors fled to Holland; mine to America. A kindred ancestry, as it were, and a kindred experience brought us into close sympathy. Sir Horsley Palmer also treated me with gratifying attention, and invited me to his princely country seat at Fulham, on the Thames, a few miles from London. The acquaintances I then made were of immense service to me in the business in which I subsequently engaged, and have added greatly to the pleasure of subsequent visits to England and to the Continent.

On my return home I delivered up the bonds I had taken up, together with the unused certificates of State and Canal Stock. My accounts were settled most satisfactorily, and I received the thanks of the State authorities for the manner I had executed the trust confided to me.

In 1865, as I was about to visit Europe, I received communications, copies of which I gave elsewhere, from the Secretary of the Treasury and the Secretary of State of the United States, requesting me to act, in its behalf, in explaining to capitalists abroad the character of our public debt and the means and disposition of our people for its payment. This mission I undertook with earnestness, being fully persuaded that no better securities could be made than these of the United States. This conviction I sought, with whatever power I possessed, to impress upon others. At Frankfort-on-the-Maine, I was formally invited to address a public meeting of Bankers and Capitalists upon the subject of my mission. It was largely attended, and I had an opportunity not only to submit some detailed remarks, but for a free and full conference with gentlemen composing the meeting, nearly all of whom could speak my native tongue. My remarks were published in German and English, and freely distributed, through the Consulates, throughout the Continent and England. I believe they were instrumental of much good as they embodied the arguments in favor of our securities in a concise form, and in one that had not been previously presented, and one that could be used by others, particularly my own countrymen, equally with myself. Of these I annex a copy :

“REMARKS OF MR. J. F. D. LANIER, MADE AT A MEETING OF BANKERS AND CAPITALISTS, AT FRANKFORT-ON-THE-MAINE, ON THE 14th DAY OF SEPTEMBER, 1865.

The national debt of the United States, on the first of August of the present year, was, in round numbers, \$2,720,000,000, to wit :

Debt bearing interest payable in gold	- - -	\$1,108,000,000
“ “ “ “ in currency	-	1,053,000,000
“ “ no interest	- - - - -	559,000,000

It is estimated, upon the most competent authority, that the national debt, after all the expenses of the war are finally liquidated, will not exceed \$3,000,000,000.

The revenues of the Government for the fiscal year ending June 30, 1865, were \$318,251,589 10, of which \$82,000,000 were in gold, from Customs.

The revenues for the fiscal year ending June 30, 1866, were estimated at \$396,000,000, of which \$80,000,000 will be in gold from Customs, \$300,000,000 from internal taxes, and \$16,000,000 from lands and miscellaneous sources.

The interest on the entire national debt of \$3,000,000,000 is estimated at \$165,000,000, leaving \$231,000,000 for the expenses of the Federal Government and other purposes.

These estimates were made in June last, at the commencement of the fiscal year. Since that time the receipts from Customs have increased so rapidly, that instead of \$80,000,000, as estimated, the revenue from this source, in gold, may reach \$130,000,000.

This increase is largely owing to the trade which has been opened up at the South since the suppression of the rebellion. Although the war destroyed for a time the commerce and industry of this section, and deprived the people of the ability to maintain their railroads and to navigate their rivers, and left them little but the *cotton* which had been accumulated, this is found to be sufficient to furnish a very large amount of means with which to supply their wants, and lay, anew, the foundations of their prosperity. The receipts of cotton from the South, at New York, equal 20,000 bales weekly, and have been followed by corresponding exports to that section of supplies, and whatever is necessary to the restoration and development of its resources.

The national debt of England at the end of the war with France, in 1816, amounted to \$4,205,000,000. It has since been reduced only \$250,000,000. It equaled \$218 20 to each individual, and 40⁴/₁₀ per cent. of the aggregate value of the

whole property of the Kingdom. Since the battle of Waterloo her wealth has grown at a slow but steadily increasing rate—from 20 per cent. in the first, to 41 per cent. in the last ten years, thereby reducing the burden of the debt from $40\frac{4}{10}$ per cent. on the national wealth, to 12 per cent.

The census of 1860 showed the wealth of the loyal States to be \$10,716,000,000, and a yearly product \$2,870,000,000 in value, or $26\frac{1}{2}$ per cent. of their aggregate capital.

The wealth of the loyal States increased, in the ten years between 1850 and 1860, at the rate of 126 per cent., or $8\frac{1}{2}$ per cent. per annum. Assuming these amounts and rates as a basis, we have for June, 1865, a wealth of \$16,112,000,000, and an annual product of \$4,318,000,000, without making any estimates on exports.

In 1833 the national wealth of England was estimated at \$17,200,000,000. For the *United States* the figures given are by no means *estimates*, but are results accurately obtained through the Census Bureau. These results enable us to estimate the amount of the national wealth at the close of future periods, to wit:

In 1870 the national wealth will equal	- -	\$24,218,000,000
In 1880 " "	- -	48,436,000,000
In 1881 " "	- -	51,516,000,000

In the last-named year, consequently, the interest on the national debt of \$3,000,000,000, will equal only $3\frac{3}{100}$ per cent. of the national wealth.

This estimate of the reduced percentage of the interest of the national debt in ratio to the national wealth, is made upon the rate of increase of national wealth prior to the rebellion.

On this calculation, what will be the increase for the next sixteen years? Let us look a little more carefully into this question. During the last ten years the increase of wealth in nine of the North-western States and Territories of the United States was not less than $41\frac{1}{2}$ per cent.—the aggregate

increase being from \$452,500,000 to \$1,862,000,000. Four new Territories, which did not appear in the census of 1850, had a valuation in 1860 of \$98,000,000. Those since organized—Dacotah, Nevada, Colorado, Arizona and Idaho—are not embraced in this estimate. These last-named States and Territories are as rich in precious metals of all kinds as was California.

As another important source of wealth and revenue, the United States still holds 950,000,000 of acres of unsold lands which, now that the war is closed, will soon come into market, and which should bring \$1,000,000,000 into the public Treasury.

But what is of vastly greater importance is the rapidly increased value of these lands, consequent upon their occupation and settlement. The taxable value of property in the Northwestern States, as has been shown, increased at the rate of 411½ per cent. from 1850 to 1860. In 1880 this value will be thirty times greater than it was in 1860, and form the basis of a revenue infinitely greater than what could be derived from the sale of their lands; so that if every dollar derived from this source should be bestowed upon the new States by the Federal Government, in aid of internal improvements and for educational purposes, their taxable wealth and the revenue derived from them would soon exceed many times the sums so bestowed. It is not only in what we now possess, but what we are capable of accomplishing, that our strength lies.

Our minerals are another vast source of yet undeveloped wealth. At least 1,000,000 square miles of our territory are surpassingly rich in gold, silver, copper, lead, quicksilver, coal, gypsum, salt, etc., etc. From their recent discovery our gold and silver deposits, except in California, have hardly begun to be worked. Were they worked even to the extent that they are in that State, they would produce, it is estimated, at least \$200,000,000 annually, while the other minerals named would yield at least one-half this sum, were proper means of trans-

portation and communication provided. Such results are not probabilities of a far distant future; their accomplishment is sufficiently near to be an all-important element in enabling the country to bear the burdens imposed upon it. They are, in fact, the necessary and inevitable consequence of the progress of a people who already number 34,000,000 souls—who double their population every twenty-three and a half years—who possess every implement and contrivance that science and art have contributed in aid of labor—who are urged forward by a resistless spirit of enterprise, confident of their future, and of their ability to surmount all obstacles that may oppose their way. Such a people may be safely entrusted with the greatest responsibilities, and are equal to any emergency in which they may be placed.

But upon the future growth of these undeveloped territories we by no means place our confidence of the ability of our people to bear the burdens imposed upon them. The aggregate increase of the wealth of the older States has been vastly greater, though the ratio of the increase may not have been so great. That of Ohio has increased within ten years at the rate of 126 per cent., although the State was founded 77 years ago; that of the States of New Jersey and Connecticut, though founded more than two centuries ago, increased in a like rate; that of Pennsylvania increased, within the same period, at the rate of 96 per cent., upon the already large aggregate of \$722,000,000.

For the last four years the Northern States supplied all the means for carrying on the war, and for defraying the expenditures of Government. We are fast being relieved of the former, at the same time that the States recently in rebellion are now contributing their proportion to our already diminished burdens. These are soon to be reduced more than one half, while our increased means from an united country must exceed by at least one-third what they have been. By the census of 1860 the wealth of the Southern States equaled

\$3,467,000,000. In the period of five years, from 1855 to 1860, they doubled the value of their products. They will, in a very short time, be restored to a condition of prosperity far exceeding anything in their former experience. The great drawbacks to the proper development of their resources have been removed. They possess all the blessings and advantages—which cannot be overestimated—of a temperate zone and of a semi-tropical climate. What they have lacked have been population, skilled labor, a spirit of enterprise, and the manifold industries of free institutions; all these essentials to prosperity have been secured to them by the war.

A short period, therefore, only is required for the realization of the promise which our natural wealth and resources afford. Taking the past as a basis of calculation for the future, the United States, in 1880, will have a population of 60,000,000, and a national wealth of \$60,000,000,000. It will then not only be able to meet the interest on the public debt, but will be able to discharge it with entire ease—and, true to our historic policy, will undoubtedly do so. The national wealth of Great Britain, in 1816, was only half as great as is that of the United States at the present time, yet its debt has already been reduced from 40 to 12 per cent. of its wealth. That of the United States in 1880, will be only 5 per cent. of its wealth, should the amount of the debt, in the meantime, remain unreduced.

Should revenues additional to these already provided be required, they may be easily raised by taxes levied upon cotton and tobacco and other articles of the re-established Union, of which we monopolize the production of the world. It is estimated that our revenue may be increased from these sources from \$60,000,000 to \$100,000,000, without any diminution in the consumption of the articles taxed, and without injury to our commerce or to any domestic interest.

The manner in which the obligations of the United States are held should add greatly to the confidence of foreigners in

them. Of the whole amount outstanding, not more than \$300,000,000, or one-tenth of the whole, are held abroad. All classes at home, poor as well as rich, have invested their savings in them. Very large amounts are held in sums not exceeding \$50. Preference is universally given to them over all other kinds of investment. No national loan was ever so universally distributed. Each citizen felt himself a party to the contest, and contributed to it according to his ability. All, consequently, are directly interested in maintaining inviolate the public faith.

It is a great error to suppose that the Northern States have been exhausted in consequence of the war. There is most convincing proof to the contrary in the ease and readiness with which they have supplied the Government with money, and whatever was necessary for its prosecution, and have absorbed the vast debt that has been created. The Government has neither directly nor indirectly borrowed a dollar in Europe. The bonds that have found their way there have gone in the regular course of trade.

The vast demand created by the war for munitions, materials and supplies of all kinds, gave to the agriculture of the West and the manufactures of the North a wonderful impulse, which still continues. The resources of those sections remain not only unimpaired, but have been greatly augmented. Great as are their burdens, the people feel themselves perfectly able to bear them, and that they have an ample equivalent for them of a nature far transcending mere material advantages. They have for the first time established their nationality upon an immutable basis. They have removed the great source of discord and alienation—slavery—and they are infinitely stronger and more united than ever before. Under the able and judicious administration of our affairs, the nation has started anew on a career of growth and prosperity unexampled in its own history, or in that of any other people.

The nation has pledged its honor for the fulfilling of all its

obligations. Success has given a full equivalent for them. Its wonderful experience has served to give confidence in and ability for the future, and no one who considers our means, our present position, or the guarantees of the past, can doubt the payment of our national debt."

On my return home I received not only the thanks of the Government for the services I had rendered, but gratifying evidences of appreciation of them from private individuals. I annex the following Associated Press Report of my interview with the President and Secretary of the Treasury, on presenting my report :

" WASHINGTON, Friday, Nov. 3, 1865.

Mr. J. D. F. Lanier, the well-known banker of New York, who recently returned from Europe, whither he went some time ago on a confidential mission for the Government in connection with the national finances, yesterday had an interview with the President and the Secretary of the Treasury, to whom he submitted a report of the results of his mission. Mr. Lanier everywhere found the best of feeling prevailing, in financial circles, with relation to the United States, particularly on the Continent, and great confidence in our public securities. At Frankfort-on-the-Maine he addressed, at length, a large meeting of capitalists, embracing representatives from nearly every leading house in Germany. The complete and utter overthrow of the rebellion was a matter of equal surprise and congratulation, and the demonstration made of the power and wealth of the North was a subject of unusual admiration. But the war being ended, the expectation was confidently expressed by the European holders of our securities, that we would immediately commence a return toward specie payments, however gradual the progress in such direction might be. Such a step, it was represented, was absolutely necessary to the maintenance of confidence in our securities and in the

policy of the Government. The ability of the country to bear all the burdens of the war was not questioned, especially with the rapid progress of the work of Reconstruction, which bids fair to restore political and social amity to every portion of the country. With a wise and correct policy, there will be no limit to the demand for our securities, not only on the Continent, but in England, where our military successes were fast opening the eyes of their people as to the value of our bonds. But the feeling against any further increase, and in favor of a steady contraction of the currency, was universally expressed as the sole condition on which our credit abroad could be maintained. It is understood that the views of Mr. Lanier were heartily responded to, both by the President and the Secretary of the Treasury."

I also annex a copy of a letter received from Hon. Samuel Hooper, M. C. :

THIRTY-EIGHTH CONGRESS, }
HOUSE OF REPRESENTATIVES, }
WASHINGTON CITY, Dec. 24, 1865. }

MY DEAR SIR—I have to thank you for your kindness in sending me a printed copy of your remarks recently made at a meeting of European capitalists at Frankfort-on-the-Maine, which I have read with much interest and with most hearty approval of them.

I consider you entitled to the thanks of all loyal men for them; and I congratulate you on the results which so soon after added confirmations to your statements.

With great respect, I am,

Your ob'd't servant,

J. F. D. LANIER, Esq.

(Signed) S. HOOPER.

Since the date of the above remarks, I have had, in common with every American citizen, the gratification of witnessing an uninterrupted improvement of our national

credit. All that I, or others, could do was to present the evidence upon which this appreciation has been based, and show what we were and what the future must do for us. But even my anticipations have been far exceeded by the result.

In this connection I also copy the following article from the *New York Times* newspaper, of January 19, 1866 :

“OUR FINANCIAL POSITION ABROAD.

The effects of our great struggle are beginning to be felt in Europe at the moment we are emerging from them here. The wave set in motion is moving round the world, uniform in its course and resistless in its power. We have demonstrated that the nationality of a Republic, based solely upon the conviction of its value, is far more firmly grounded in the hearts of the people than institutions based upon tradition, and fortified by pride of ancestry and the recollection of great deeds ; or by that uniformity of life and character which ages alone can produce. Foreigners, for the first time, realize that we are a Nation, with an ideal palpable to the meanest citizen—that chaos has no place in our system, and that we have the will and the power to reduce to obedience every refractory element ; and that the strongest of all governments is that in which each citizen has an equal share, and is an equal partaker in the advantages which it secures.

The first sentiment developed toward us is that of respect. Close upon that follows confidence in our material and financial condition. We have provoked a spirit of inquiry which cannot be set at rest. We no longer lack friends to sympathize with us, but hosts are coming forward to share our burdens and our prosperity. Our securities are eagerly sought for investment, particularly on the Continent, at the same time that a new impulse is given to emigration to our shores. The interest felt in us in Germany cannot be better described than by

giving an extract from a letter received from Frankfort-on-the-Maine, where a large number of capitalists was recently addressed by our citizen, Mr. Lanier, whose remarks have been circulated, by our Consuls, throughout Europe. It says :

‘Gold or paper dollar is the question which agitates the German press and financiers. The more they discuss your financial prospects, the more they invest in your securities. On all ’Changes, the transactions in them are enormous. Since the receipt of the President’s Message and the Report of the Secretary of the Treasury, the United States securities rule the market, almost to the exclusion of every other loan. The Wirtemberg official paper has brought out a long article warning the excessive investment in your bonds ; over 100,000,000 of guilders having been invested in them, to the detriment of other interests. But to the disappointment of the Government, your bonds next day rose two per cent.—the Liberal press taking the ground that the people could do nothing better than invest in American securities, as the safest loan offered in an age. These bonds are the most powerful and influential emissaries you could have sent over to the Old Continent, to convert the masses to republican principles. They never before heard so much talk about America ; your means and resources, your future and your prospects, are discussed everywhere, and in such favorable terms that emigration is the leading topic among the sturdy masses ; and the next year will bring you, for every \$1,000 of your bonds taken in Germany, at least one of her industrious sons.’

A similar feeling is rapidly developing itself towards us in England, as shown by the operations of the London Stock Exchange. Our securities are constantly forcing their way there, in spite of the efforts of the Bank of England and of the public press to decry their value, and to point out the danger to that country from a large investment in them.

Such a result is not only most gratifying to our national pride, but is the proper reward of our efforts and successes, and proper homage to our national character. It is due very largely to a public spirited gentleman who has visited Europe for the purpose of placing before the people, there, the ground and method of our strength and prosperity, and who supplied the data by which foreigners themselves could arrive at satisfactory conclusions in reference to them. His success was complete. The sentiment everywhere felt toward us is all we could wish. It has increased enormously, not only our political influence and power, but it goes far to solve any financial embarrassments that might threaten. The way being prepared, should it be thought advisable, we could have, any day, a draft upon Europe honored for almost any amount. The object of the bill now in the hands of the Committee of Ways and Means is to place such power in the hands of the Secretary of the Treasury, should its exercise ever be deemed to be expedient. It is not probable, however, that any such necessity will occur. Our own people are abundantly able to absorb all our securities, while the amounts going abroad, daily, will fully equal all we should wish to see placed in foreign hands. Our military successes, together with the material strength we have displayed, have settled our financial difficulties; and though these have in times past been great, every day lessens the burdens they impose."

In 1868, being again about to leave for Europe, I received from the Treasury Department the following communication :

TREASURY DEPARTMENT, }
April 20, 1868. }

DEAR SIR—Understanding that you are about visiting Europe, I take the liberty of requesting that you will, as a friend of the Department and as a representative of it without compensation, avail yourself of such opportunities as may be

presented to you to ascertain what is the sentiment of capitalists in regard to United States securities; what would be the prospect of negotiating a five per cent. loan—principal and interest, by express provision of law, payable in coin; and whether or not such bonds could be exchanged, at par, for the Five-Twenty six per cents now held in Europe?

I will thank you also to make, from time to time, such suggestions as you may think proper in regard to the finances of the United States, and the best steps to be taken to place the credit of our securities on the most satisfactory basis.

With many thanks for the very valuable service rendered by you to the Government when you were last in Europe,

I remain, very truly,

Your ob'd't servant,

(Signed) H. McCULLOCH,

J. F. D. LANIER, Esq.,

Secretary of the Treasury.

New York.

My health during this visit to Europe was such that I could not give the attention to the requests in the foregoing letter that I desired. I, however, caused the remarks I had made at Frankfort on a previous visit, to be re-printed, with some additional matter, and circulated, widely, through the Consulates and other channels. I also conferred, sufficiently, with leading bankers abroad to satisfy myself that, in a comparatively short period, a *five* per cent. long bond, payable, principal and interest, in gold, in New York, could be made to take the place of the six per cents. outstanding, and without loss to the Government—which conviction I communicated to the Secretary of the Treasury. Everything that has since transpired has tended to confirm such conviction.

At the close of the war it was estimated that the funded debt of the Government, when all the outstanding claims should be included, would reach \$3000,000,000. It would

have reached this amount, but for the vast sums which our immense revenues enabled us to pay. At the close of the fiscal year of 1866, the ascertained debt amounted to \$2,784,073,379. By the statement made March 1, 1870 and the last made previous to the preparation of this sketch, it amounted to \$2,464,390,348, as follows :

Debt bearing coin interest.....	\$2,107,939,650
Debt bearing currency interest.....	124,012,320
Debt bearing no interest.....	440,442,857
Debt matured and not presented for payment...	3,973,346
	<hr/>
Total debt.....	\$2,676,368,173
Less in the Treasury :	
Coin.....	\$103,400,739
Currency.....	10,280,746
Bonds purchased.....	99,287,800
	<hr/>
	\$211,968,285
Debt less cash and bonds.....	\$2,464,399,888

Of the debt bearing *currency* interest, \$64,457,320 is for bonds issued on account of the Pacific Railroads, and which were issued subsequently to July 1, 1866. Deducting these from the above statement the total will be \$2,399,420,028, or \$384,653,351 *less* than it was three years and eight months previous. The rate of payment has exceeded \$100,000,000 annually.

The average market value of the 6 per cent. 1881 bonds of the Government, in 1864, was 110; that of gold, for the same year, 220. The value of the bonds in 1865 equaled 106 per cent.; that of gold 138. The market value of the 1881 bonds on the 10th of March, 1870, equaled 114; that of gold, 111. These figures express, better than any language, the rapidity with which the credit of the Government has appreciated.

Since the close of the war I have not taken any active part in public affairs, but have devoted myself to banking—a business which our house has followed for the past fifteen

years. We have retained a connection with several of the enterprises which we helped into existence, and have frequently extended to them aid in their financial affairs. I am a business man, from taste as well as from long habit. The period of my business life has probably been the most remarkable one in all history. Steam was first successfully applied to locomotion in the latter part of 1829—only forty years ago! Since then the progress made in the physical sciences and in the material prosperity of the world has been beyond all precedent. The most sanguine imagination could not have pictured one-half the results that have been realized. The Electric Telegraph followed speedily upon the invention of the railroad, as the necessary condition to the highest value of this wonderful contrivance. In this short period 50,000 miles of railroad have been opened in the United States. A great and unbroken line extends across the Continent from ocean to ocean, traversing, without inconvenience or interruption, the most formidable mountain barriers. The terminus of this line upon the western slope of the Continent, the City of San Francisco, now containing 200,000 people, existed only in name when I removed from Indiana to New York. The railroad, everywhere, has become the common highway of the people. Nor have other countries, though far distanced by our own, been idle in the great race of social and material progress. The same year that witnessed the completion of the Pacific Railroad has also been distinguished by the opening of a ship canal from the Mediterranean to the Red Sea, thus realizing the dreams and hopes of the merchant, as well as the great rulers, for thousands of years. At the moment that this is being written, the great pageant of the opening of this new highway, which shortens by thousands of miles the routes to the Indias, is reported to us, word by word, as it proceeds,

by lines of telegraph wholly submerged beneath the seas! The period which embraces my business life has been one of intense activity, and of wonderful and beneficent achievements; and it is a source of the highest gratitude and satisfaction to me to have witnessed the great movements that have taken place, and to have been identified with their progress. I hope my children will be equally fortunate and happy by being equally favored with opportunities for useful and valuable labor, and to see, as I have seen, the fruit of it spring up on every hand.

I now conclude this brief sketch of some of the leading events of my life. Although I have, throughout, been an active business man, I have been subject to but few vicissitudes of fortune. I have been almost uniformly successful. I have, as a rule, enjoyed excellent health. For all these blessings, bestowed by a kind Providence, I am, I trust, truly grateful. It has been my good fortune not only to have had a wide acquaintance with the leading men, and with various portions of this country, but to visit other lands, to return from them only to value more highly our people and our own institutions. As I grow in years the more am I drawn to my family and children. I trust that my example will not be without its uses in teaching my children the worth of industry and prudence in whatever walk of life they may find themselves cast. They may be assured that with these qualities, joined to integrity of character, they can never be unhappy, and never be without a reasonable share of this world's goods, nor without the confidence and respect of their fellow-men.

THE LATE RICHARD H. WINSLOW.

[From the American Railroad Journal, March 2, 1861.]

This gentleman, so well known in the business circles of this city, and for many years a leading mind in the great movement that covered our country with railways, died at his residence at Westport, Connecticut, on the 14th ult. He was born at Albany about fifty-five years ago, and was a direct descendant of Governor Winslow, of Plymouth Colony. He came to New York about thirty years since, and immediately went into business in Wall street. His prominence, however, as a public man, commenced with the great railway era of the country, which almost immediately followed the discovery of California. On the 1st of January, 1849, he formed a copartnership with J. F. D. Lanier, Esq., many years a resident of the West, and who brought to the firm not only all the qualities that can command affection and respect, but a very wide and intimate knowledge of the public men, and the wants and resources of the West. Mr. Lanier brought with him the first Western Railroad bond ever offered in this market, and the firm soon turned its attention to the negotiation of this kind of securities. At that time, Western railroads hardly existed, even in idea. There were no precedents to inspire confidence or to guide in framing a system or plan for presenting these enterprises to the public. Before anything could be accomplished a favorable opinion had to be created—a formidable undertaking where monetary co-operation was to be secured. For this office Mr. Winslow was peculiarly fitted. He was a man whose earnest convictions and great energy seldom failed to impress his own views upon all with whom he came in contact. The commencement made by the firm, however, was in a very small way. It was compelled to take a portion of loans offered, and divide the balance among a very limited circle; the firm, even in such cases, being frequently called upon to guarantee prompt payment of interest on the loans. The bonds of the Madison and Indianapolis Railroad were first brought out, followed by those of the Little Miami, Columbus and Xenia, Cleveland, Columbus and Cincinnati, Lake Shore, and other Western railroads. The immediate success of these works fully vindicated the representations made in reference to them, and realized large profits to the purchasers of their securities. Thenceforward the operations of this firm were

distinguished rather for their magnitude than for the difficulties to be surmounted. For several years nearly every loan brought upon the market was proffered it, securing to it a selection of the best offered. In a short time its operations extended to almost every State in the Union where railroads were in progress, and a very long list of our best paying projects might be named, for the construction of which this firm was instrumental in securing the means. So thoroughly had this firm become established in public confidence, that, in the years of 1852, 1853 and 1854, it was no unusual affair for it to make negotiations equaling \$1,000,000 in a single day; while sales varying from \$100,000 to \$500,000 a day were of common occurrence. In 1852, the firm was enlarged by the addition to it of Mr. James Winslow, brother of the deceased.

Considering the immense number of securities negotiated, the firm was very fortunate in the enterprises selected. This was in a great measure due to Mr. Lanier, whose thorough and intimate acquaintance with the West enabled him to foresee with great accuracy the works likely to be successful. Nearly all the securities negotiated have had their interest promptly paid, while many of them rank among the very first class. This firm were also the first to introduce County bonds of the State of Ohio upon this market, and negotiated the greater portion of these, which are still regarded as one among the most reliable Western securities.

After 1854 the firm gradually withdrew from railway negotiations and confined itself almost entirely to banking, in which it transacted a large business. About eighteen months since Mr. Winslow retired from it on account of his health which continued steadily to decline till his decease.

What these gentlemen actually accomplished, however, is to be looked for in the results rather than in the magnitude of their operations. The credit they early established for Western securities, spread till it extended over the whole of Europe as well as of this country. The capital of both was freely proffered to our enterprises. A similar spectacle was never seen. Railroads were commenced simultaneously in every part of the Union, and in the decade just closed 25,000 miles were constructed. In one or two years 4,000 miles were opened each year. The whole system sprang as if by magic into existence, stretching from Quebec, in Canada, to New Orleans, 2,500 miles apart, and from the eastern part of Maine to the western part of Kansas, penetrating every portion of our wide domain. The whole of Europe has yet hardly construct-

ed the extent of mileage opened in the United States within the past ten years.

The commerce of a country like the United States is mainly a creation of its public works, as these are essential to give a commercial value to the products of the interior. A person who provides the means for the construction of a railroad is a public benefactor. Its results are the measure of good he has accomplished. But such persons are often the unseen spring in the mechanism, while the one who superintends the execution of a single piece of the work becomes the conspicuous object. But for the former, the latter could have had no function or name. Now if we take the results that followed the efforts of the pioneers in the great railway movement, we shall have nothing in history to compare with them. In the Western States, where these have been the most conspicuous, there are now 10,500 miles of railroad, constructed at a cost of \$400,000,000, carrying freight to the amount of 7,500,000 tons annually, and having a value of at least \$500,000,000. The population of these States increased from 4,721,554 in 1850, to 7,797,528 in 1860, or at the rate of about seventy per cent. Their wealth is increased in three-fold ratio. First-class cities have sprung into existence, and the whole face of the country presents the scene of a numerous, active and thriving population, with a vast commerce, nearly all the creation of its public works.

In the Eastern States, the most striking effect of these works is seen in the progress in population and commerce of the city of New York. The population of this city and its environs has increased from 645,000 in 1850, to 1,155,000 in 1859. Its exports, in 1850, were \$47,580,357; in 1859, \$146,683,450. Its imports, in 1850, were \$116,667,558; in 1859, \$229,408,130. Its wealth in the same time has more than trebled. This advance is the real measure of the results of the construction of Western railroads, as New York has reaped the same advantage as if each had been constructed for its particular benefit.

Such results, the firm of which Mr. Winslow was an active member was greatly instrumental in achieving, and it is proper that the occasion of his decease should not be passed by without a reference to them, as they are certainly the proudest monument ever erected to the memory of man.

SNOW-STORM IN THE ALPS.

The following account, written soon after the events described, will interest my children in showing them how narrowly I escaped with my life, in a great storm which I encountered in crossing the Alps in the winter season :

GENOA, Friday, Jan. 23, 1863.

I left Paris on Saturday. I had an agreeable journey by rail to San Meichel, at the foot of Mount Cenis. At San Meichel we were transferred to sleighs, or rather to diligences placed on runners. At 3 P. M., Sunday, we began the ascent of the mountain. The day was a pleasant one—calm, with sunshine. We reached the summit about 12 1-2 o'clock at night—the weather still continuing calm and pleasant, the stars shining brightly—and we congratulated ourselves on the prospect of so pleasant a passage over this Alpine region. We had descended on the Italian side about half an hour, when the wind began to blow, drifting the snow across our route, which impeded our progress. As we continued to descend, the wind increased in violence, making it more and more difficult for us to proceed.

At 3 o'clock in the morning, having reached a point more than half-way down, the gale became terrific, roaring like a thousand Niagaras, dashing and whirling the fine dry snow so as to darken the atmosphere.

By this time the drifts had become deep, and it being dark our progress was stopped. On our left was a precipice of a thousand feet or more deep. The sleigh next in front of ours had upset with the passengers, and was only prevented going over the precipice by its lodging in the soft snow within a few feet of the edge. The conductor now came and told us we would have to sit in the sleigh where we were, until daylight ; that he must seek the protection of the lee of some rock with his horses to save himself and them from perishing from cold. This announcement, you may imagine, was anything but agreeable to us. Here we sat until about 9 o'clock Monday morning.

About 5 o'clock we heard the fall of an avalanche across the road before us, and soon after the fall of another in our rear ; this greatly increased our alarm, as we did not know what moment another would sweep us over the precipice in its

course. It was truly a night of horror. After daylight we anxiously awaited the return of the conductor to know our fate; he came after 9 o'clock and informed us that he would endeavor to draw the sleigh a little nearer the avalanche, to shorten the distance we should have to walk to reach it.

We had advanced but a few rods when we came to a stand, the drifts preventing our progress. Our only chance of safety was to walk to the "Cantano," or house of refuge, about four hundred yards off, the avalanches fifteen to twenty feet deep and more than one hundred wide, lying in the way. Each one had to take care of himself.

I was the last to leave the sleigh. With difficulty I reached the avalanche, and in attempting to walk over it I sank, half my length, in the soft snow. I became completely exhausted; the terrible wind took my breath away. I fell on the snow, unable to speak or rise. One of the passengers happened to see me fall, and after reaching the "Cantano" sent up two of the Cantoniers, who carried me to the house nearly in an insensible state. By dint of rubbing with spirits I revived in about half an hour.

The storm continued with unabated fury until about 10 o'clock Tuesday morning, when it began to subside a little. In the afternoon of Tuesday, the chief of the cantoniers, an active, energetic fellow, came from below with twenty-five of his men; these, added to about ten at the "Cantano," made thirty-five men. The sleighs having been brought down, the joyful order was given to mount, which was readily complied with.

At this place I made the acquaintance of the Marquis D'Azeglio, the Italian Minister at the British Court, then on his way to London. At his request, I gave him a copy of this letter, which he said he would lay before his Government of Turin, that they might consider the subject of providing better accommodation for travelers at these "Cantanos."

I had read in my early years of the fury and power of these Alpine storms; how unfortunate travelers were suddenly overtaken and lost in the drifts and avalanches of snow, but never before did I realize them. The tunneling of Mount Cenis is progressing as fast as the nature of the case admits of; they have penetrated about one mile at each end; the blasting is through a rock of the hardest kind; the progress is about five feet a day at each end, and when completed will be over eight miles long. The completion of the tunnel is greatly to be desired; it will make the shortest, most direct, and far the most agreeable route from Paris to Italy. This work is being done by the Italian Government.

Copies of letters addressed to me by the Hon. Hugh McCulloch, Secretary of the Treasury, and Hon. William H. Seward, Secretary of State of the United States, as I was about leaving for Europe in 1865.

TREASURY DEPARTMENT, }
WASHINGTON, May 29, 1865. }

DEAR SIR—Although you are about to visit Europe for the benefit of your health, and desire to be relieved from all cares and responsibilities, I cannot permit a gentleman of your distinguished and well-merited reputation as a financier to visit Europe, without asking of him the benefit of his services in explaining to Capitalists in that country the condition of our financial affairs, and in giving to me the benefit of such suggestions as he may be able to make in regard to the condition of American credit in the countries he may visit, and in the transaction of any business which the Treasury Department may wish to commit to his care.

I inclose herewith a statement of our national debt. You are well advised of our national resources.

I will thank you, while in Europe, on behalf of the Treasury Department, to explain the character of this debt and the extent of the resources of the United States, to gentlemen with whom you may come in contact, and who may be interested in these subjects.

I will from time to time communicate with you upon these subjects, and ask of you to perform specific duties, if I should be under the necessity of requiring your particular services.

Trusting that your journey will be a pleasant one, and that you will return to the United States re-invigorated by relaxation and travel,

I am, very truly, your ob'd't servant,

(Signed) H. McCULLOCH,

J. F. D. LANIER, Esq.,

Secretary of the Treasury.

New York.

DEPARTMENT OF STATE, }
WASHINGTON, 2d June, 1865. }

*To the Diplomatic and Consular Agents of the United States
in Europe :*

GENTLEMEN—It is my pleasing duty to introduce to you J. F. D. Lanier, Esquire, a distinguished banker of the City of New York, and a most estimable gentleman.

Mr. Lanier has been requested by the Secretary of the Treasury to look after the financial interests of this Government while in Europe, and he has kindly consented to do so.

I commend him to your friendly attention and consideration, and bespeak for him such facilities as may contribute to the effective discharge of the duties confided to him.

I am, gentlemen,

Your very obedient servant,

(Signed) WILLIAM H. SEWARD,

Secretary of State.



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